



HOCK HENG STONE INDUSTRIES BHD.

(Company No. : 840040-H)

(Incorporated in Malaysia)

**Condensed Consolidated
Interim Financial Statements
For the first quarter ended
31 March 2013**

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
(Incorporated in Malaysia)

Condensed Consolidated Statements of Comprehensive Income
For the first quarter ended 31 March 2013
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended 31.3.2013 RM'000	Preceding year corresponding quarter ended 31.3.2012 RM'000	Current year- to-date 31.3.2013 RM'000	Preceding year corresponding period 31.3.2012 RM'000
Continuing operations					
Revenue		8,709	7,531	8,709	7,531
Cost of sales		(6,425)	(5,333)	(6,425)	(5,333)
Gross profit		2,284	2,198	2,284	2,198
Other income		34	49	34	49
Administrative, general and selling expenses		(1,557)	(1,511)	(1,557)	(1,511)
Operating profit		761	736	761	736
Finance costs		(518)	(308)	(518)	(308)
Profit before tax	23	243	428	243	428
Income tax expense	24	(139)	(113)	(139)	(113)
Profit for the period		104	315	104	315
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the period		104	315	104	315
Profit attributable to:					
Owners of the parent		192	315	192	315
Non-controlling interests		(88)	-	(88)	-
		104	315	104	315
Total comprehensive (loss)/income attributable to:					
Owners of the parent		192	315	192	315
Non-controlling interests		(88)	-	(88)	-
		104	315	104	315
Earnings per share attributable to owners of the parent:					
Basic, for the period (sen)	33	0.24	0.39	0.24	0.39
Diluted, for the period (sen)	33	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
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Condensed Consolidated Statements of Financial Position
As at 31 March 2013

	Note	Unaudited As at 31.3.2013 RM'000	Audited As at 31.12.2012 RM'000
Assets			
Non-current assets			
Property, plant and equipment	7	24,929	25,275
Investment properties		1,478	1,485
Land use rights		2,469	2,484
Land held for property development		21,059	21,028
Development expenditure		379	379
		<u>50,314</u>	<u>50,651</u>
Current assets			
Inventories	8	25,984	26,738
Trade receivables and other receivables		18,860	21,082
Other current assets		5,431	5,013
Income tax receivable		264	333
Cash and bank balances	9	3,349	3,307
		<u>53,888</u>	<u>56,473</u>
Total assets		<u>104,202</u>	<u>107,124</u>
Equity and liabilities			
Current liabilities			
Income tax payable		26	10
Borrowings	26	16,207	16,267
Trade payables and other payables		10,972	13,478
Other current liability		40	156
		<u>27,245</u>	<u>29,911</u>
Net current assets		<u>26,643</u>	<u>26,562</u>
Non-current liabilities			
Deferred tax liabilities		684	864
Borrowings	26	25,475	25,655
		<u>26,159</u>	<u>26,519</u>
Total liabilities		<u>53,404</u>	<u>56,430</u>
Equity attributable to owners of the parent			
Share capital		40,000	40,000
Retained earnings	34	10,476	10,284
		<u>50,476</u>	<u>50,284</u>
Non-controlling interests		322	410
Total equity		<u>50,798</u>	<u>50,694</u>
Total equity and liabilities		<u>104,202</u>	<u>107,124</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)		<u>63.10</u>	<u>62.86</u>

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
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Condensed Consolidated Statements of Changes in Equity
For the first quarter ended 31 March 2013
(The figures have not been audited)

	Attributable to equity holders of the parent		Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Distributable Retained earnings RM'000			
Opening balance at 1 January 2012	40,000	10,355	50,355	58	50,413
Total comprehensive income for the period	-	315	315	-	315
Transactions with owners					
Acquisition of subsidiary	-	-	-	(2)	(2)
Closing balance at 31 March 2012	40,000	10,670	50,670	56	50,726
Opening balance at 1 January 2013	40,000	10,284	50,284	410	50,694
Total comprehensive income for the period	-	192	192	(88)	104
Closing balance at 31 March 2013	40,000	10,476	50,476	322	50,798

These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

Company No. : 840040-H

Hock Heng Stone Industries Bhd.
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Condensed Consolidated Statements of Cash Flows
For the first quarter ended 31 March 2013
(The figures have not been audited)

	Current year- to-date 31.3.2013 RM'000	Preceding year corresponding period 31.3.2012 RM'000
Cash flows from operating activities		
Profit before tax	243	428
Adjustment for:		
Amortisation of land use rights	15	15
Depreciation of property, plant and equipment	510	524
Depreciation of investment properties	7	7
Goodwill written off	-	7
Unrealised gain on foreign exchange	-	(27)
Interest expense	518	308
Interest income	(11)	(16)
Operating profit before changes in working capital	<u>1,282</u>	<u>1,246</u>
Changes in working capital:		
Decrease/(increase) in inventories	754	(1,450)
Decrease in receivables	2,222	1,811
Increase in other current assets	(418)	(436)
Decrease in payables	(2,506)	(1,745)
Decrease in other current liabilities	(116)	(246)
Cash generated from/(used in) operations	<u>1,218</u>	<u>(820)</u>
Income tax paid	(234)	(250)
Interest paid	(550)	(308)
Net cash from/(used in) operating activities	<u>434</u>	<u>(1,378)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	7 (131)	(1,884)
Purchase of land held for property development	(31)	-
Acquisition of subsidiary	-	(2)
Interest received	11	16
Net cash used in investing activities	<u>(151)</u>	<u>(1,870)</u>
Cash flows from financing activities		
(Decrease)/increase of short term borrowings	(181)	1,029
Drawdown of term loans	-	1,126
Repayment of term loans	(411)	(132)
Repayment of obligation under finance leases	(105)	(76)
Net cash (used in)/from financing activities	<u>(697)</u>	<u>1,947</u>
Net decrease in cash and cash equivalents	(414)	(1,301)
Cash and cash equivalents at beginning of period	<u>755</u>	<u>2,195</u>
Cash and cash equivalents at end of period	9 <u>341</u>	<u>894</u>

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

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Notes to the Interim Financial Statements for the first quarter ended 31 March 2013

Part A - Explanatory notes pursuant to Financial Reporting Standard 134

1. Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2012.

2.1 Changes in accounting policies and effects arising from adoption of new FRSS, amendments to FRSS and IC Interpretations

At beginning of current financial period, the Group had adopted the following new FRSS, amendments to FRSS and IC Interpretations:

Effective for financial periods beginning on or after 1 July 2012

- FRS 101: *Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)*

Effective for financial periods beginning on or after 1 January 2013

- Amendments to FRS 101: *Presentation of Financial Statements (Improvements to FRSS (2012))*
- FRS 10: *Consolidated Financial Statements*
- FRS 11: *Joint Arrangements*
- FRS 12: *Disclosure of interests in Other Entities*
- FRS 13: *Fair Value Measurement*
- FRS 119: *Employee Benefits*
- FRS 127: *Separate Financial Statements*
- FRS 128: *Investment in Associate and Joint Ventures*
- Amendment to IC Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSS (2012))*
- IC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7: *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1: *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to FRS 1: *First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSS (2012))*
- Amendments to FRS 116: *Property, Plant and Equipment (Improvements to FRSS (2012))*
- Amendments to FRS 132: *Financial Instruments: Presentation (Improvements to FRSS (2012))*
- Amendments to FRS 134: *Interim Financial Reporting (Improvements to FRSS (2012))*
- Amendments to FRS 10: *Consolidated Financial Statements: Transition Guidance*

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**Hock Heng Stone Industries Bhd.
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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

2. Summary of significant accounting policies (continued)

2.1 Changes in accounting policies and effects arising from adoption of new FRSs, amendments to FRSs and IC Interpretations (continued)

Effective for financial periods beginning on or after 1 January 2013 (continued)

- Amendments to FRS 11: *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12: *Disclosure of Interests in Other Entities: Transition Guidance*

2.2 Standards and Interpretations issued but not yet effective

The following new and amended FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

Effective for financial periods beginning on or after 1 January 2014

- Amendments to FRS 132: *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 10, FRS 12 and FRS 127: *Investment Entities*

Effective for financial periods beginning on or after 1 January 2015

- FRS 9: *Financial Instruments*

3. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual items because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

7. Property, plant and equipment

Acquisitions

Below are the property, plant and equipment acquired by the Group during the period ended:

	31.3.2013 RM'000	31.3.2012 RM'000
Land	-	1,736
Factory buildings and extensions	-	3
Building-in-progress	76	35
Plant, machinery and factory equipment	68	-
Motor vehicles	1	55
Other assets *	18	55
	<u>163</u>	<u>1,884</u>

* Other assets comprise of office equipment, furniture and fittings, electrical installation, computers and cabin.

During the period under review, the Group acquired property, plant and equipment by mean of:

	31.3.2013 RM'000	31.3.2012 RM'000
Interest expense capitalised	32	-
Cash outflow	131	1,884
	<u>163</u>	<u>1,884</u>

Disposals

There is no disposal of property, plant and equipment by the Group during the period under review.

8. Inventories

During the current period ended 31 March 2013, there were no write-down of inventories.

9. Cash and bank balances

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Cash at banks and on hand	2,025	1,902
Short term deposits with licensed banks	1,324	1,405
Cash and bank balances	<u>3,349</u>	<u>3,307</u>
Less: Bank overdrafts	(3,008)	(2,552)
Total cash and cash equivalents	<u>341</u>	<u>755</u>

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

10. Fair value hierarchy

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

11. Provisions for cost of restructuring

There were no provision for, or reversal of, costs of restructuring during the reporting period.

12. Dividends paid

There were no dividends paid in the current financial quarter ended 31 March 2013.

13. Capital commitments

Capital commitments as at end of the current quarter are as follows:

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Property, plant and equipment:		
- Approved and contracted for	2,077	93
- Approved and not contracted for	-	2,000
	<u>2,077</u>	<u>2,093</u>

14. Contingent assets and liabilities

There were no contingent assets or liabilities since 31 December 2012.

15. Segment information

The segment information in respect of the Group's operating segments are as follows:

- (i) Sales of goods - manufacture and sales of dimension stones and related products and is completed within 6 months.
- (ii) Construction - supply and installation of dimension stones and related products for projects secured and is completed over a period of more than 6 months.
- (iii) Others - property development and investment holding.

Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

15. Segment information (continued)

	Sales of goods RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 31.3.2013					
Revenue:					
External customers	6,126	2,583	-	-	8,709
Inter-segment	4,108	-	-	(4,108)	-
	<u>10,234</u>	<u>2,583</u>	<u>-</u>	<u>(4,108)</u>	<u>8,709</u>
Results:					
Interest income	11	-	-	-	11
Finance costs	342	7	169	-	518
Depreciation and amortisation	494	38	-	-	532
Segment profit	<u>792</u>	<u>194</u>	<u>(199)</u>	<u>(544)</u>	<u>243</u>
Assets					
Capital expenditure	149	14	-	-	163
Segment assets	<u>64,852</u>	<u>12,835</u>	<u>26,515</u>	<u>-</u>	<u>104,202</u>
Segment liabilities	<u>30,900</u>	<u>40</u>	<u>22,464</u>	<u>-</u>	<u>53,404</u>
	Sales of goods RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Period ended 31.3.2012					
Revenue:					
External customers	6,234	1,297	-	-	7,531
Inter-segment	4,744	-	-	(4,744)	-
	<u>10,978</u>	<u>1,297</u>	<u>-</u>	<u>(4,744)</u>	<u>7,531</u>
Results:					
Interest income	11	1	4	-	16
Finance costs	305	3	-	-	308
Depreciation and amortisation	509	37	-	-	546
Segment profit	<u>901</u>	<u>109</u>	<u>(30)</u>	<u>(552)</u>	<u>428</u>
Assets					
Capital expenditure	1,324	560	-	-	1,884
Segment assets	<u>69,840</u>	<u>12,491</u>	<u>2,288</u>	<u>-</u>	<u>84,619</u>
Segment liabilities	<u>33,807</u>	<u>25</u>	<u>61</u>	<u>-</u>	<u>33,893</u>

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Part A - Explanatory notes pursuant to Financial Reporting Standard 134 (continued)

16. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

17. Events after the reporting period

There were no material events subsequent to the end of the current quarter.

18. Related party transactions

The Group had the following transactions with related parties during the current quarter under review and current year-to-date as well as the balances with the related parties as disclosed below:

- (i) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Chung and a major shareholder, Low Kim Ong have interest:
 - LBS Realty Sdn. Bhd. ("LBS")
- (ii) Company in which certain directors, Low Kim Hock, Low Kim Joo, Low Kim Chung and a major shareholder, Low Kim Ong have deemed interested by virtue of their interests in LBS which in turn holds 70% equity interest in EMP:
 - EMP Design Sdn. Bhd. ("EMP")

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2013 RM'000	Preceding year corresponding quarter ended 31.3.2012 RM'000	Current year- to-date 31.3.2013 RM'000	Preceding year corresponding period 31.3.2012 RM'000
Rental paid to LBS	21	21	21	21
Sales of dimension stone products to EMP	395	231	395	231
			Amount owed by related parties	
			As at	As at
			31.3.2013	31.12.2012
			RM'000	RM'000
LBS			-	-
EMP			810	491

The transactions above were based on negotiated and mutually agreed terms and has been approved by the shareholders in the Annual General Meeting.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements

19. Review performance of the Group

3 months ended 31.3.2013

	Individual quarter		Increase/(decrease)	
	Current year quarter ended 31.3.2013 RM'000	Preceding year corresponding quarter ended 31.3.2012 RM'000	RM'000	%
Revenue	8,709	7,531	1,178	15.6
- Sales of goods segment	6,126	6,234	(108)	(1.7)
- Construction segment	2,583	1,297	1,286	99.2
Profit before tax	243	428	(185)	(43.2)

Revenue

The Group's revenue for current quarter ("1Q2013") ended 31 March 2013 has increased by RM1.18 million or 15.6% to RM8.71 million as compared to corresponding quarter in the preceding year. The increase in revenue for 1Q2013 was due to the increase in construction segment by RM1.29 million but was partly offset by lower sales of goods segment which decrease by RM0.11 million.

Profit before tax

The Group's profit before tax for 1Q2013 has declined by RM185,000 to RM243,000 in comparison with the corresponding quarter in preceding year. The decrease in profit before tax in 1Q2013 is mainly due to increase of finance costs by RM210,000 which resulted by higher of borrowings in current quarter under review.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

20. Material changes in the profit before tax as compared to the immediate preceding quarter

	Individual quarter		Increase/ (decrease) RM'000
	Current quarter ended 31.3.2013 RM'000	Preceding quarter ended 31.12.2012 RM'000	
Revenue	8,709	9,746	(1,037)
- Sales of goods segment	6,126	7,073	(947)
- Construction segment	2,583	2,673	(90)
Profit/(loss) before tax	243	(436)	679

The Group recorded profit before tax of RM243,000 for the current quarter under review as compared to loss before tax of RM436,000 in the immediate preceding quarter. The profit before tax in current quarter is mainly due to the increase in operating profit generated by RM620,000 resulted from the improvement of the profit margin from sales of goods segment and construction segment and the lesser of administrative, general and selling expenses by RM486,000 but however was partly offset by the decrease of other income by RM277,000 (mainly consist gain on disposal of property, plant and equipment) and higher of finance costs by RM150,000 in current quarter as compared to immediate preceding quarter.

21. Commentary on prospects

The Malaysian economy is foracasted to grow between 4.5% to 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will be pick up. Given that the domestic economy is expected to strengthen further in 2013, inflation is estimated to increase moderately mitigated by further capacity expansion in the economy. On the construction sector, it is envisaged to expand strongly at 11.2% in 2013 (15.5% in 2012) with all the subsectors registering steady growth. On the domestic demand, it is expected to growth at 5.6% (9.4% in 2012) and will remain the key driver of growth in 2013 by strong private sector expenditure. (Source: Economic Report 2012/2013, Ministry of Finance, Malaysia)

Barring any unforeseen circumstances and with the favourable outlook of construction sector in 2013, the Directors believe that the Group's prospects for the remaining periods of the financial year ending 31 December 2013 will remain favourable.

22. Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review and hence this information is not applicable.

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Hock Heng Stone Industries Bhd.
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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

23. Profit before tax

Included in the profit before tax are the following items:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2013 RM'000	Preceding year corresponding quarter ended 31.3.2012 RM'000	Current year- to-date 31.3.2013 RM'000	Preceding year corresponding period 31.3.2012 RM'000
Interest income	(11)	(16)	(11)	(16)
Other income (including investment income)	-	-	-	-
Interest expense	518	308	518	308
Depreciation of:				
- Property, plant and equipment	510	524	510	524
- Investment properties	7	7	7	7
Amortisation of land use rights	15	15	15	15
Impairment loss on trade receivables	-	-	-	-
Bad debts written off	-	-	-	-
Write-down of inventories	-	-	-	-
Inventories written off	-	-	-	-
(Gain)/Loss on disposal of quoted and unquoted investments	-	-	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	-	-	-	-
- Investment properties	-	-	-	-
Impairment of assets	-	-	-	-
Property, plant and equipment written off	-	-	-	-
Goodwill written off	-	7	-	7
(Gain)/Loss on foreign exchange:				
- Realised	-	2	-	2
- Unrealised	-	(27)	-	(27)
(Gain)/Loss on derivative	-	-	-	-
Rental income	(8)	(7)	(8)	(7)

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

24. Income tax expense

Major components of income tax expense includes the following:

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2013 RM'000	Preceding year corresponding quarter ended 31.3.2012 RM'000	Current year- to-date 31.3.2013 RM'000	Preceding year corresponding period 31.3.2012 RM'000
Current tax:				
Malaysian income tax	318	244	318	244
Deferred tax:				
Relating to origination and reversal of temporary differences	(179)	(129)	(179)	(129)
Underprovided in prior periods	-	(2)	-	(2)
	<u>(179)</u>	<u>(131)</u>	<u>(179)</u>	<u>(131)</u>
Total income tax expense	<u>139</u>	<u>113</u>	<u>139</u>	<u>113</u>

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate of the Group for the current and previous corresponding quarter were higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

25. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim financial statements.

26. Borrowings and debts securities

None of the below borrowings are denominated in foreign currencies.

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Short term borrowings		
Secured:		
Bank overdrafts	3,008	2,552
Banker acceptances	11,511	11,692
Obligation under finance leases	414	432
Term loans	1,274	1,591
	<u>16,207</u>	<u>16,267</u>

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

26. Borrowings and debts securities (continued)

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Long term borrowings		
Secured:		
Obligation under finance leases	676	762
Term loans	24,799	24,893
	<u>25,475</u>	<u>25,655</u>
Total borrowings	<u>41,682</u>	<u>41,922</u>

27. Material litigation

There were no pending material litigations at the date of this interim financial statements.

28. Dividend

No interim dividend has been recommended for the current quarter under review.

29. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

30. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 March 2013 or the previous financial year ended 31 December 2012.

31. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2013 or the previous financial year ended 31 December 2012.

32. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2013 or the previous financial year ended 31 December 2012.

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Part B - Explanatory notes pursuant to Appendix 9B of the Listing Requirements (continued)

33. Earnings per share

(a) Basic

Basic (loss)/earnings per share amounts is calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual quarter		Cumulative quarter	
	Current year quarter ended 31.3.2013	Preceding year corresponding quarter ended 31.3.2012	Current year- to-date 31.3.2013	Preceding year corresponding period 31.3.2012
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	192	315	192	315
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	0.24	0.39	0.24	0.39

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares for the current quarter under review and current year-to-date.

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Part C - Disclosure of realised and unrealised profits or losses

34. Retained earnings

The breakdown of realised and unrealised retained earnings is as follows:

	Realised RM'000	Unrealised RM'000	Total retained earnings RM'000
For the financial year ended 31 March 2013			
Total retained earnings of the Company and its subsidiaries	12,255	(1,371)	10,884
Less: Consolidation adjustments			(408)
Retained earnings of the Group			<u>10,476</u>
Previous financial year ended 31 December 2012			
Total retained earnings of the Company and its subsidiaries	12,183	(1,370)	10,813
Less: Consolidation adjustments			(529)
Retained earnings of the Group			<u>10,284</u>

35. Auditors' report on the preceding annual financial statements

The auditors' report on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2012 were not subject to any qualification.

36. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 27 May 2013.